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U.S. House of Representatives
Committee on Commerce
Room 2125, Rayburn House Office Building
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JAMES E DERDERIAN, CHIEF OF STAFF

Statement of the Honorable Tom Bliley
Chairman, Committee on Commerce
Hearing on
Reauthorization of the Securities and Exchange Commission
March 6, 1997

I would like to commend my friend Chairman Mike Oxley for holding this hearing so that we may consider the important work of the Securities and Exchange Commission. I would also like to commend Tom Manton, the Ranking Minority Member of the Subcommittee. I am looking forward to working with both of you on issues affecting our financial markets. I would also like to commend my friend John Dingell, Ranking Minority Member of the Full Committee, and Ed Markey who was the Ranking Minority Member for finance in the last Congress for their help in the last Congress as we, on a bipartisan basis, passed the bill that became the National Securities Markets Improvement Act.

It is with pleasure that I welcome Chairman Arthur Levitt, Commissioner Steve Wallman, Commissioner Isaac Hunt and Commissioner Norman Johnson to the Subcommittee to consider the reauthorization of the Securities and Exchange Commission.

I would like to commend Arthur Levitt for his service at the SEC and for the professionalism and lack of partisanship that he has brought to the Commission.

The SEC has an important role in the suppression of fraud and the supervision of our financial markets. Through this work the SEC promotes the protection of investors and efficiency, competition and capital formation in our markets.

One of the charges that I have in this Congress from the leadership is to conduct oversight of the Agencies under our jurisdiction to see that they are carrying out the laws that the Congress has passed. I am working to make this a constructive process, rather than one of finger pointing. We are going to ask questions of many agencies on a variety of topics.

One of the recurring themes in this inquiry will be whether agencies are considering the cost of regulation in the context of the rulemaking they undertake. So-called cost benefit analysis may be resisted at first as something that is **difficult**, or gets in the way. It will, however, in the long run, improve both the quality and acceptability of Agency rules. More importantly, cost benefit analysis is now required by law: we expect agencies will comply with this requirement.

The National Securities Market Improvement Act contains a provision requiring the consideration of efficiency, competition and capital formation whenever the SEC engages in rulemaking. The SEC supported this provision in its testimony to us, and I personally intervened to get this provision into the statute in place of one that the SEC did not support. I have written to the Commissioners to ask what steps have been taken to implement this important new requirement. We are also anxious to work with the Commission to see that it has adequate funding for its needs, including support for the Office of the Chief Economist that is charged with assisting the Commission with analysis of these rules.

I intend to work with Chairman Oxley, Tom Manton and John Dingell to enact Reauthorization legislation that provides for the needs of the Agency. This will be in continuation of the work that I did last year with Hal Rodgers, Bill Archer, and then with

the Administration to provide a long term funding mechanism for the SEC that will in time reduce the reliance of the Agency on fee revenue and fund the Agency by means of an appropriation.

I understand that the SEC is seeking an authorization of \$320 million for fiscal year 1998, which is essentially flat from the \$318 million approved by the Committee in the last Congress. I understand that the SEC is requesting an increase to \$342.7 million in 1999. I am looking forward to the testimony so that we can be educated on the needs of the Commission for this additional authorization.

Once again I welcome the Commissioners of the SEC to the Committee and look forward to their testimony.

I yield back the balance of my time.